

**Private Sector Engagement Working Group (PSE WG)
Teleconference, 27 October 2022
Minutes**

16 November 2022

Participants

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|---|---|
| 1. Mollie Duncan, DFAT | 13. Helene Ystanes Føyn, Norad |
| 2. Nirosha Gaminiratne, FCDO | 14. Mehrat Rafaz, Norad |
| 3. Mika Vehnäkäki, Finland MoFA | 15. Peter Beez, SDC |
| 4. Sabrina Ramzi, GAC | 16. Massimo Bloch, SECO |
| 5. Tobias Zeller, GIZ | 17. Valérie Sturm, SECO |
| 6. Roselyne Yao, IDRC | 18. Magda Berhe, Sida |
| 7. Annie Van Klaveren, ILO | 19. Andrea Lilja, Sida |
| 8. Tomohiro Kuwabara, JICA | 20. Katie Garcia, USAID (Chair) |
| 9. Naho Aizu, JICA | 21. Autumn Gorman, USAID |
| 10. Ernstine Kornelis, Luxemburg MoFA | 22. Jordan Grover, USAID |
| 11. Alexander Otgaar, Netherlands MoFA | 23. Holger Grundel, DCED Secretariat |
| 12. Cheyen Bannenberg, Netherlands MoFA | 24. Jim Tanburn, DCED Secretariat |
| | 25. Melina Heinrich-Fernandes, DCED Secretariat |
| | 26. Ella Duffy, DCED Secretariat |

Agenda

1. Welcome by Katie Garcia and brief introductions by new participants (Chair: Katie Garcia)

2. Peer exchange on results management for PSE

Short presentations to set the scene (Chair: Holger Grundel):

PSE results management challenges facing member agencies
(Holger Grundel, DCED Secretariat)

SECO's PSE portfolio evaluation: What does it say about PSE effectiveness? What are the main recommendations for SECO to become more effective with results management for PSE?
(Massimo Bloch, SECO)

How is BMZ/GIZ working with implementing partners to create a shared reporting framework for PSE? (Tobias Zeller, GIZ)

How is USAID addressing the challenge of integrating PSE data from multiple US government agencies to enable cross-government reporting? (Jordan Grover, USAID)

Working group discussion (Chair: Katie Garcia)

3. AOB/important member updates (Chair: Katie Garcia)

Welcome and introductions

Katie set the scene for the meeting, explaining that it follows on from discussions during the DCED AGM in June when the PSE WG identified results management (RM) as a significant current priority for several member agencies. She highlighted that the meeting had been designed to share information and learn from each other, based around short presentations from three members and the Secretariat to highlight specific questions and challenges. Katie invited new participants from several member agencies (JICA, Netherlands MoFA, SECO, Sida and USAID) to briefly introduce themselves.

Peer exchange on results management for PSE

Holger summarised the key findings from recent member interviews about their growing focus on RM for PSE. This is driven by several factors, including recent evaluations of PSE projects and portfolios (e.g. audit of [USAID's engagement with the private sector](#), evaluation of [PSE within German and international development cooperation](#)), demand from senior managers and taxpayers to show that PSE can be effective in delivering development outcomes, and the need to improve PSE practice based on lessons from experience. Members are facing a range of challenges when it comes to effective RM for PSE. These include mobilising suitable internal and external expertise, developing appropriate definitions and indicators that can be used across PSE portfolios, and how to work with and learn from other donors to move this agenda forward. The following presentations picked up on some of these issues.

Massimo shared key insights from SECO's PSE independent portfolio evaluation which is currently being finalised. Its main objectives were to (a) investigate the effectiveness of PSE as a modality compared with activities that do not involve the private sector and (b) contribute to institutional learning around PSE. To help guide the evaluation, SECO developed an internal theory of change for its approach to PSE with three core elements (funding mechanisms, PS networks for experience & expertise sharing, frameworks to promote responsible business conduct) which are expected to combine to contribute to the achievement of the SDGs. Massimo explained that the draft evaluation highlights several success factors for effective PSE initiatives, including clarity of purpose and alignment of interests with private sector partners, a strong partner selection process, and good understanding of the local context.

Tobias described BMZ/GIZ's process for creating a new reporting framework for PSE. This has had to bring together multiple PSE instruments and implementing agencies with very different measurement and reporting methods. GIZ has followed an iterative process, involving discussions with internal programme leads and M&E specialists to better understand how results are currently being reported across the PSE portfolio, which common approaches could be built on, and how remaining differences might be addressed. The conclusions have been used to build an overarching BMZ-internal framework for PSE which sets out the activities and results the six leading PSE implementing partners of BMZ will report on and how they map onto the BMZ's development policy priorities. The framework has been piloted to produce an internal report with results for 2021. As a next step, BMZ/GIZ will consider how to develop the framework further.

Jordan works with USAID's PSE Hub. The Hub has recently developed an internal data plan to improve USAID's ecosystem for global PSE data. As part of that plan, USAID has articulated several priority questions around institutional capacity, programmatic requirements, and relationship management priorities for more effective PSE. To help answer these questions, USAID has developed a variety of data & research tools, e.g. the [Harmonising Indicators](#) tool which aims to align a range of private sector indicators with USAID standard indicators and the SDGs. A new portal is currently under development for launch next year to give public access to data related to USAID's public-private partnerships. A key remaining challenge is how to utilise USAID's existing data web - which was created for priorities such as monitoring funding flows - for better monitoring of PSE activities. As part of its response, the PSE Hub is putting in place a new USAID-wide customer relationship management (CRM) system to capture details for all private sector partners.

The discussion considered whether improved RM is strengthening the case for scaling up PSE. In principle this should be the case where there is clear evidence of the value of PSE (as SECO's current evaluation appears to be showing). However, where data are less conclusive it may have the opposite effect. This is one of the reasons for encouraging more PSE initiatives to report against standard indicators which should improve the quality and reliability of results data. Thus far, WG members have not been able to establish with certainty in which contexts PSE is most likely to be most effective. Some members articulated this as an ambition for the further development of their PSE RM frameworks.

Members agreed on the complexity of measuring the additionality of PSE, however, it was suggested that in some contexts this could simply be about making projects led by the private sector happen faster, e.g. when it comes to encouraging private sector actors into post-conflict environments.

Another question related to how to integrate risks into RM frameworks for PSE. While there was no conclusive answer, some participants felt that partnerships with the private sector tend to be too risk averse because of the perceived inherent risk of working with private companies. There was general consensus that reflecting risk more systematically as part of RM for PSE is important and how this might be done most effectively deserves further consideration.

AOB/member updates

Because of the lively discussion, there was insufficient time for member updates.

The next meeting of the WG is likely to take place in early 2023.